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NASA Procedural Requirements

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Subject: The Continuous Monitoring Program and Financial Management Operating Procedures

Responsible Office: Office of the Chief Financial Officer[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [AppendixA](#) | [ALL](#)

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Chapter 1. Continuous Monitoring Program (CMP)

1.1 Overview

1.1.1 This chapter sets forth requirements regarding CMP activities that are required to be performed for all NASA Centers for their associated Business Areas. These activities consist of the review and analysis of NASA's financial data to identify inaccurate data, abnormal balances, account relationship differences, and other financial reporting anomalies. Specific procedures or control activities are provided within the FMOP or CMP.

1.1.2 NASA is to ensure that various tools and methods are used to thoroughly analyze and review the financial data reported both internally and externally. Our financial data is important in making mission critical decisions to ensure adequate resources are available and properly used. To ensure the most accurate financial data, NASA's accountants, and financial managers shall institute a rigorous and comprehensive review and analysis process.

1.1.3 Upon completion of the review and analysis of the financial data, each NASA Center Chief Financial Officer shall ascertain these reviews have been conducted and certify that all required reconciliation procedures have been performed. A resolution plan should be prepared for exceptions and unreconciled differences that require an explanation.

1.2 CMP Objectives

1.2.1 The CMP provides an overall framework of management controls that NASA uses to assess and evaluate:

- c. Internal controls.
- d. Compliance with Generally Accepted Accounting Principles (GAAP).
- e. Evidence that balances and activity reported in its financial statements are auditable, accurate, and complete.

1.2.2 The CMP is used to ensure that errors and/or discrepancies are identified, tracked, and corrected in a timely manner. It also ensures that there are ongoing management

reviews and validations of financial data and internal controls. The reconciliations/work papers for each control activity are maintained as documentation and evidence the activity was performed. The documentation contains the source of the information provided, including the title of reports and report description when available. Supporting documents for the reconciliations are maintained at the Centers/Agency/ NASA Shared Services Centers (NSSC) and accessible on request. The CMP can be found on the Agency Office of the Chief Financial Officer (OCFO) Web site at <http://www1.nasa.gov/offices/ocfo/nasaonly/cmp.html>.

1.3 CMP Contents

1.3.1 The chapters in the CMP are designed to capture control activities for entire business processes for specific accounts. As a result, each chapter may address multiple related line items in the financial statements. Each chapter also includes the proprietary and budgetary accounts that relate to the business process. For example, the CMP chapter for accounts receivable includes proprietary and budgetary receivables, revenues, and customer advances because all of these transactional events are generated within the accounts receivable business process.

1.3.2 The CMP includes the following:

1.3.2.1 Financial statement line item reference. References all basic financial statement lines that are supported by the section.

1.3.2.2 General ledger accounts reference. Lists proprietary accounts with related budgetary accounts (the budgetary accounts are indented to show the relationships).

1.3.2.3 Management assertions. All management assertions for the financial statement line items are listed.

1.3.2.4 Control objective (for each section and entire document). The objective is provided to detect misstatements in significant financial statement/reporting assertions and Required Supplementary Stewardship Information.

1.3.2.5 Financial reporting objectives. The list includes the GAAP financial reporting objectives that the control activities support.

1.3.2.6 Control activities. Defines and sets standards for all control activities that collectively support the management assertions/control objective and financial reporting objective for the section. Each control activity is assigned a number related to the CMP chapter and a brief description. The standards for each activity are defined as follows:

1.3.2.6.1 Purpose of reconciliation. Describes why the reconciliation is performed. Explanations are provided if there is some unique aspect of this activity.

1.3.2.6.2 Frequency. Includes information on how often reconciliation is performed (daily/weekly/monthly/quarterly). Some more in depth data analysis/review activities are scheduled to allow extended periods for performing the activity before quarterly reporting.

1.3.2.6.3 Roles and Responsibilities (Control Activities).

a. Centers are responsible for preparing and approving the control activities that they perform. Centers are also responsible for the analytical review and approval of control activities performed by the NSSC and Control Activity Certifications prepared by the NSSC. The NSSC is responsible for providing and performing activities listed in the CMP Appendix.

b. Agency OCFO Financial Management Division is responsible for reviewing specific NASA consolidated activities listed in the CMP Appendix. Business Area 01 is not reported as a Center. It is currently used to report some Agency-level data, such as depreciation, imputed cost, and warrants (All CMP activities related to Business Area 01 will be handled by the Agency OCFO).

1.3.2.6.4 Procedures/data sources. This section provides information on the standard data

sources that are to be used for the control activity. It also provides the transaction codes all Centers are expected to use in order to ensure that all results are based on consistent data.

- a. External data source. If an external data source (i.e. Treasury reported confirmations) is needed, it is listed.
- b. Transaction code. Systems, Applications and Products in Data Processing (SAP) and/or Business Warehouse (BW) transaction codes are included.
- c. Transaction description. Description of the transaction(s) used.
- d. Accounting periods to be analyzed. Generally either year to date (one-current) or inception to date (zero-current) periods apply.
- e. Other selection criteria. Selection attributes for the reports (i.e. accounts, fund type).
- f. Analysis/review procedure to be performed. This section states the procedure to be performed.

1.3.2.6.5 Standards. What is expected (i.e. no reconciliation differences).

1.3.2.6.6 Thresholds for differences/exceptions. Thresholds represent the absolute cumulative value of differences at the account, fund level and trading partner level (for vendor/customer related accounts) within a business area. (These are performance measures). Thresholds for month end, quarter end and year end differences are provided.

1.3.2.6.7 Valid Reconciling Items/Permanent Items. Also listed are known conditions that may exist temporarily or permanently, causing a difference when executing a control activity. The listed conditions do not result in a significant exception for reporting purposes. Exception levels are provided in the CMP Manual.

1.3.3 Additional information on how to post transactions and execute reports is available through the Enterprise Performance Support System (EPSS).

1.4 Control Activities

1.4.1 The control activities shall be performed for each individual business area except where Agency is indicated. The following are the business areas:

Business Area	Center
10	Headquarters
21	Ames Research Center
22	Glenn Research Center
23	Langley Research Center
24	Dryden Research Center
51	Goddard Space Flight Center
55	NASA Management Office
62	Marshall Space Flight Center
64	Stennis Space Center
72	Johnson Space Center
76	Kennedy Space Center

1.4.2 The NSSC Working Capital Fund entity is responsible for its own operations for purposes of CMP compliance (Business Area 11). Where the NSSC is listed under "Responsibility" this is in reference to the services provided to the Centers by the NSSC Service Delivery.

1.4.3 Business Area 77 is for External Reporting Branch Quarterly Journal Voucher Adjustments.

1.5 Reporting Requirements

1.5.1 The Center Reporting Matrix shall be submitted to NASA Headquarters Agency OCFO on a monthly basis. This is a standard form used by Centers to report results of control activities and certify that all activities have been completed. These forms are analyzed and evaluated by both Headquarters and Center management. NASA has implemented a quality control process that involves periodically visiting the Centers or receiving CMP review packages to validate that the reported results are supportable and accurate. If, after these review/processes, all results are within performance measures and all control activities have been completed, then NASA will have demonstrated that it has management and internal controls that provide for reliable financial statements prepared in accordance with GAAP. The reconciliations and other procedures performed as part of each control activity also provide documentation of balances and activities needed for audit purposes.

1.5.2 The Centers are required to submit the Chief Financial Officer (CFO) Certification, signed Control Sheets, Fluctuation Analysis, Analytical Review of Financial Statement lines and the Center Reporting matrix (formats provided in the Appendix of the CMP Manual) for all Control Activities to the Financial Management Division by the 14th calendar day of each month.

1.6 CMP Roles and Responsibilities

1.6.1 The NASA Agency Deputy Chief Financial Officer, Finance or Official designee shall:

- a. Establish and be responsible for all reconciliations at the Agency level.
- b. Analyze and evaluate the results of the monitoring activities through comparison to policy standards and performance metrics.
- c. Evaluate the results of control activities.
- d. Coordinate and monitor the development and submission of reconciliations.
- e. Provide guidance relative to the continuous monitoring process.

1.6.2 The NASA Center Chief Financial Officer shall:

- a. Establish responsibility for review and reconciliation activities.
- b. Ensure timely completion and submission of periodic review and reconciliation activities on a monthly basis.
- c. Ensure correctable items identified through the control activities are corrected by the Center in a timely manner.
- d. Provide a monthly NASA Center Certification to ensure all control activities have been performed and results are consistent with the standards set forth for each activity. The certification shall ensure the following:
 - (1) Evidence exists that the reviews and/or reconciliations described for the internal controls have been performed.
 - (2) Auditable support documentation exists for the reviews and reconciliations performed.

(3) Any resulting discrepancies that exceed the thresholds are listed as exceptions and include a narrative explanation of the root cause, an associated value determined for the discrepancy, and an estimated date of correction (if not done in the current period being reported on).

1.6.3 The NSSC Chief, Financial Management Division shall:

- a. Establish responsibility for review and reconciliation activities.
- b. Ensure timely completion and submission of periodic review and reconciliation activities on a monthly basis.
- c. Ensure correctable items identified through the control activities are corrected by the NSSC in a timely manner.
- d. Provide a monthly NSSC Certification to ensure all required control activities have been performed and results are consistent with the standards set forth for each activity. The certification shall address the following:
 - (1) The reviews and/or reconciliations described for the internal controls have been performed.
 - (2) Auditable support documentation exists for the reviews and reconciliations performed.
 - (3) Any resulting discrepancies that exceed the thresholds are listed as exceptions and include a narrative explanation of the root cause, an associated value determined for the discrepancy, and an estimated date of correction (if not done in the current period being reported on).

1.6.4 Centers and NSSC are expected to coordinate correction activities to ensure corrections are completed timely. Detail regarding these correction activities is available in introduction to the CMP manual.

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